

## BLM Stewardship Contracting Guidance

The following information provides guidance on the preparation, implementation, and tracking of BLM stewardship projects, in accordance with Section 323 of Public Law 108-7, the Consolidated Appropriations Resolution, 2003. Questions concerning this guidance should be directed to Scott Lieurance (202) 452-0316, Rick Tholen (208) 387-5321, Laura Ceperley (Group Manager) at (202) 452-5029 (Forests and Woodlands Management); Roy Johnson at (208) 387-5163 (Hazardous Fuels); or Helen Curlee at (202) 452-5147 (Procurement).

Authorization: Section 323 of Public Law 108-7 (Title 16, United States Code, section 2104 as revised February 28, 2003 to reflect Sec. 323 of H.J. Res. 2 as enrolled (16 U.S.C. 2104)), the Consolidated Appropriations Resolution, 2003, amended Pub. L. 105-277, sec. 347, to grant the Forest Service (FS) and Bureau of Land Management (BLM) authority until September 30, 2013, to enter into stewardship projects with private persons or public or private entities, by contract or by agreement, to perform services to achieve land management goals for the National Forests or public lands that meet local and rural community needs.

### A. General

1. Definition - Stewardship projects are those activities used to accomplish one or more of the goals (section B (1)) listed in P.L. 108-7, Section 323 (b) where the BLM would enter into contract or agreement for services to achieve land management goals and meet local and rural community needs. In addition, a source for performance under a contract must be selected on a best value basis. The legislation authorizes the value of vegetative material to be applied as an offset against the cost of services received; and multi-year contract authority greater than five years but not to exceed ten years.
2. Stewardship Contracting is not a replacement for our established timber sale program. Forest management projects designed primarily to enhance volume are not suitable for stewardship contracting.
3. Ensure all stewardship projects comply with applicable environmental laws and regulations, including the appropriate level of environmental review under the National Environmental Policy Act (NEPA), and are consistent with the applicable land use plans.
4. Field units may use stewardship contracting as a tool to achieve resource work identified through the normal planning processes and as described in the 10 year Implementation Plan for the National Fire Plan.
5. Any vegetative material removal must be a by-product of meeting the stewardship contracting project goals as stated in section B (1). Removal of these products must

be consistent with the objectives developed through the collaborative process and the applicable land use plan objectives.

## B. Project Design

1. The primary objective of a stewardship contracting project is to achieve one or more of the land management goals that meet local and rural community needs. These goals as identified in the authorizing legislation, may include but are not limited to:
  - a. road and trail maintenance or obliteration for improved water quality;
  - b. soil productivity, habitat for wildlife and fisheries, or other resource values;
  - c. setting prescribed fires to improve composition, structure, condition, and health of stands or to improve wildlife habitat;
  - d. removing vegetation or other activities to promote healthy forest stands, reduce fire hazards or achieve other land management objectives;
  - e. watershed restoration and maintenance;
  - f. restoration and maintenance of wildlife and fish habitat; and
  - g. control of noxious and exotic weeds and reestablishing native plant species.
2. When designing stewardship contracting projects, consider projects involving treatments and techniques available to make forests, woodlands, and rangelands more resilient to natural disturbances such as fire, insects, disease, wind, and flood.
3. For contracts exceeding five years in duration, Field Managers will include a concise rationale for contracts in project documentation. This rationale should consider such factors as the scope of the project, the type of the material to be treated, the availability of local capacity to process and use the material removed from the land, and the potential development of new markets for small diameter material, as well as operational factors such as local weather patterns, sensitive wildlife species habitat use cycles, and seasonal restrictions for wildfire prevention.
4. An open, collaborative process shall be used to identify local and rural community needs. Seek early involvement of tribal governments and local government agencies, and any interested groups or individuals in various phases of project development and implementation. Utilize existing processes (publication of legal notices, newsletters, web based information, etc.) to publicize the opportunity for public involvement and the availability of environmental documents.

## C. Roles and Responsibilities

1. Washington Office
  - h. The responsibility of the Washington Office (WO), AD-200 Directorate, is to work with the WO AD-800 Directorate, the National Office of Fire and Aviation, and the BLM National Business Center to develop and implement

automated methodology to track the value of goods exchanged and services provided in conjunction with stewardship contracting projects.

- i. AD-200 will produce the annual report to Congress required by the authorizing legislation.
- j. The BLM national headquarters office (AD 200) will review and the DOI Assistant Secretary for Land and Minerals Management will approve proposed stewardship contracts.
- k. The national office will assign unique project numbers from a block reserved by the National Business Center (NBC). See F (2).

## 2. State Director

- a. State Director approval for proposed stewardship contracting projects will be required prior to submission to the Washington Office.
- b. BLM State Directors must ensure that field offices complete the reporting and tracking requirements identified in this directive.
- c. State Directors will set priorities for stewardship contracting projects within their state.
- d. The proper use and management of stewardship contracting authority must be assessed as a normal part of BLM statewide or national resource program and activity reviews for those programs utilizing the authority. Particular programs of interest include Forest and Woodland Management, and Fire/Fuels Management.

## 3. State Coordinators - Each State Office has assigned a stewardship contracting project coordinator for their respective state. Responsibilities of the stewardship contracting project coordinator include:

- a. clarifying stewardship contracting project guidance
- b. obtaining State Director review and approval
- c. monitoring project status
- d. ensuring that project reporting is accurate and timely
- e. soliciting Field Office feedback and making recommendations to the WO on ways to improve the effectiveness of the stewardship contracting tool.

## 4. Field Office

- a. Submit proposed stewardship contracting contracts to the state coordinators using the Budget Planning System (BPS) format (Attachment 1) Stewardship Proposal Format, including fuels funded projects. All submissions must contain Project Objectives, Location/Size, type of Treatment in detail, partners and collaborative processes used, length of project, Status of NEPA, Issues and Highlights and a list of Contacts.
- b. During all phases of stewardship contracting, i.e. planning, contract development, funding, implementation and monitoring, the process will be integrated with other Field Office programs and activities, utilizing multiple resource specialists, including contracting personnel.

## 5. Contracting Officers

- a. Contracting Officers with Level III and IV warrants in the BLM National Business Center and Oregon State Office are delegated stewardship contracting authority according to the attached Delegation of Authority memorandum (Attachment 2), dated September 16, 2003, from the Assistant Secretary, Policy, Management and Budget.
  - b. After successful implementation of stewardship contracting projects, BLM may consider authorizing contracting officers in additional locations to assist in awarding stewardship contracts and agreements. At that time, the Head of Contracting Activity (HCA) should submit nomination(s) to the Office of Acquisition and Property Management for review and approval.
6. Contracting Officer's Representative - The "Contracting Officer's Representative (COR)" is the on-the-ground administrator for the Contracting Officer.

The COR's authorities and responsibilities are defined in the COR's Designation Letter. The COR is authorized to clarify technical requirements, and to review and approve work clearly within the scope of work. The COR is NOT authorized to issue changes pursuant to the changes clause or to in any other way modify the scope of work./

7. Project Inspector – "Project Inspector" (PI) means the person designated by the COR to perform, as needed, on-the-job government inspection of work accomplished by the Contractor.

The PI is responsible for checking the Contractor's compliance with the technical specifications, drawings, work schedule, and labor provisions at the site of the work.

#### D. Value Offset

1. The value of vegetative material may be used to offset the amount of appropriated funds necessary to accomplish service work as part of a stewardship contracting project.
2. Products that may be removed under stewardship contracting authority include vegetative material, such as, but not limited to sawlogs, firewood, post and poles, biomass, seed, shrubs, forage, fungi, and Christmas trees. See Special Forest Product Handbook, H-5400-2 or state specific Miscellaneous Forest Products Price Schedule, H-9352.
3. Vegetative material removed will be appraised at fair market value. Where practicable, and warranted by the market for such material, the value of the material will either be determined through a competitive bidding process or will be a specific required element of the best value criteria. In all cases, the value of the by-product for exchange must equal or exceed the appraised fair market value. Guidance on

appraising the value of this material is provided in Attachment 3, Forest Products Appraisal Guidance for Stewardship Contracting.

4. The value of the vegetative material and the cost of the services to be performed must be clearly documented in the contract and on the Product Removal Report (see section J (1)). Before work can begin, the contractor must provide the government a proposed schedule of work (for a minimum of one work season), consistent with the contract for product removal, service work and net payments. As the contract is performed, the Field Office will record the actual volume and value (based on the contract bid price) removed, services performed, and net payments made as outlined in "Product Tracking Requirements", Section J.

#### E. Excess Receipts

1. When the value of the vegetative material exceeds the cost of the service work being performed in a stewardship project, the BLM is authorized to retain the excess receipts and to apply them to other stewardship projects without further appropriation.
2. Excess receipt collections from stewardship contracting projects shall be deposited according to BLM collection procedures into the Stewardship Project Fund and managed according to the definition and requirements contained in the BLM Fund Coding Handbook, H-1684-1. See Attachment 4, Subactivity 5921 Description.
3. In general, excess receipts shall be used to fund other stewardship projects within the State where the receipts were generated, as allocated by the State Director.
4. Funds generated as excess offset values (Section E (2)) from other stewardship contracting projects may also be used to fund the collaborative process used for multi-party monitoring and direct on-the-ground implementation costs. Excess offset values shall not be used to fund program planning, environmental assessments, overhead, administrative, or indirect costs. Managers should consult with the public and interested stakeholders early in the collaborative process for input on where excess offset values could be utilized within a stewardship project.

#### F. Project Submission, Funding and Accomplishment

1. Funds from a number of appropriated subactivities and permanent operating accounts may fund stewardship contracting project planning, preparation, implementation, administration, and monitoring. Offices should use the benefiting subactivity concept in determining which funding is appropriate to use.
2. All approved stewardship contracting projects will tracked in the appropriate budget submission and accomplishment tracking database, applicable to the funding used. Fuels – NFORS, all other subactivities. – BPS/MIS, see B(4)(a).

3. Each stewardship contracting project will be assigned a project code by the national office from a specific set of codes reserved for stewardship contracting projects for the purpose of tracking project costs and accomplishments in the Management Information System (MIS). Where other projects codes have already been assigned, such as in the Fuels Program, those assigned project codes will be reported to the Headquarters Office and used to track the costs associated with those projects. The workload measure appropriate for the project will maintain the sub-activity specific tracking requirements.

#### G. Contracting/Product Sales

1. Stewardship contracting authority provides for the sale or exchange of vegetative material and the procurement of service work within one contract or agreement.
2. For stewardship contracting projects to be completed by contract with a combined value in excess of \$100,000 (services plus product value), the contracts must be prepared using the Performance Based Acquisition format (under development – will be available on the National Acquisition webpage at <http://web.blm.gov/natacq/>).
3. For stewardship projects below the \$100,000 threshold in G (2), either a service contract or an approved product sale instrument may be used. Typical prescriptive contract language (provisions or stipulations) would be used as appropriate for the contract/instrument and objectives of the project.
4. Approved product sales instruments include the Vegetative Resources Sale Contract (5450-1), Lump Sum Timber Sale Contract (5450-3), Scale Timber Sale Contract (5450-4), Vegetative and Mineral Materials Negotiated Cash Contract (5450-5). See Timber Sale Handbook H-5450-1.
5. In addition to cost or price, the contracting officer must consider other “best value” factors, such as contractor past performance, technical approach, and local community benefits in determining contract award.
6. The use of nontraditional contractors, such as counties or not-for-profit or nongovernmental organizations, should be considered where interest is expressed and is consistent with existing authorities. Stewardship contracting contracts should not be automatically set aside for small business concerns.
7. For performance based contracts, the government reserves the right to review and revise the performance standards annually over the life of the contract by contract modification.
8. A stewardship contracting contract is not a timber sale contract and, as such, is not subject to the requirements contained in 43 CFR, Part 5400, Sale of Forest Products. However it does not preclude including these requirements within a stewardship

contract to adequately protect the government's interests, i.e. export restriction and Non-substitution provisions.

9. Service Contract Act wage rates apply to the stewardship contracting contract. Contract solicitations should be arranged to separate bid prices, specifications, and payments for service work, construction work, and product removal work to help distinguish where these wage rates apply.
10. When required by law, bonding must be used to protect the public interest. When not required by law, bonding may be used when deemed necessary.
  - a. Payment protection in the form of payment bonds should be used to protect the value of the by-product to be removed when the product will be removed prior to cash payment or the contractor's earning of conservation credits under the contract.
  - b. If necessary, performance bonds should be used to cover the value of the service to be provided.
  - c. In either case: (i) performance bond value should be set at no less than 20% of the value of the awarded service work; and (ii) payment bonds should be at least equal to 20% of the value of the by-product not covered by cash payment and/or earned conservation credits.
  - d. Contracting officers are encouraged to strive toward the concept of a single bond to cover "performance", which would include the product value (payment) and the service work rolled into one bond. The value of the bond would be the larger of the performance bond or payment bond as described above.
  - e. If construction activities are included, bonding for the construction activities shall be in accordance with the Miller Act.
11. Offices must ensure that the value of the product cut and/or removed does not exceed the value of the performance bond (not including the portion used to cover 20% of the awarded service work or Miller Act requirements) plus the value of any unpaid service work completed (conservation credits) plus any cash deposits made by the contractor. Field Offices should use the Stewardship Project Tracking Report, Attachment 4, to track the volume and value of the products removed to ensure that contract bonding and service work cover the government's interests.
12. If utilized, conservation credits (the value of unpaid service work completed) earned by a contractor are not transferable to another stewardship contract held by the same contractor. Conservation credits will be tracked via the Stewardship Project Tracking Report (page 2, Service Completion Form), Attachment 5.

#### H. Agreements.

1. Assistance agreements are designed to be used when an outside party requests government financial assistance to support a public purpose. Stewardship

contracting projects are designed to achieve specific land management goals, consistent with applicable land use plans. As such, use of assistance agreements to implement stewardship contracting project treatments must be carefully screened and limited use of such agreements may result. (See Agreements Handbook H-1511-1)

2. Decisions to use Assistance Agreements rather than contracts must comply with existing BLM guidance implementing the Grants and Cooperative Agreements Act of 1977, as amended.

#### I. Monitoring

1. BLM will use multiparty monitoring, open to all interested parties, to monitor and evaluate a representative sampling of projects and programs at the appropriate levels. Project level monitoring should be conducted where sufficient public interest exists and funding and/or sufficient volunteer workforce permits. Where adequate up-front funding does not exist to support multiparty monitoring, excess offset values may be used to conduct multi-party monitoring, Section E (2).
2. WO-270 will coordinate with the Forest Service, on an appropriate time frame, a process to establish and/or conduct interagency multi-party monitoring for evaluating and reporting on collaboration and the role of local communities and other external stakeholders in the development of stewardship contracting contracts and agreements. One objective of this monitoring effort is to analyze the effectiveness of stewardship contracting relative to other management tools.

#### J. Financial Tracking

1. The volume and value of vegetative material removed, the amount and value of services performed, and any payments made (by contractor or government) will be clearly documented by the Field Office throughout the stewardship project. Until such time that an automated system is established that links to the Federal Financial System, Field Offices will use the Stewardship Project Tracking Report, page 1 (Product Removal Form) Attachment 5, to track product cut and removal data. These reports will be updated monthly and submitted to the state stewardship coordinator by the last working day each month. In the week following the end of each quarter of the fiscal year, State stewardship contracting coordinators will submit a compilation of activity for their states to the BLM Washington Office for national level compilation, tracking, and review.
2. Until automated systems can be developed, use the Stewardship Project Tracking Report, page 2 (Service Completion Form) Attachment 5, to track service project data. This form will be completed monthly by the Field Office conducting a stewardship contracting project, reviewed for accuracy and completeness by the State Office stewardship contracting project coordinator, and then forwarded to the Headquarters Office on a quarterly basis.



Tracking of stewardship contracting contracts must document the bid value of the product being removed and the type, amount, and value of the service work being performed in exchange for this product, Section J (1). This will provide a portion of the audit trail required of government expenditures.

#### K. List Of Attachments

Attachment 1, Stewardship Proposal Format  
Attachment 2, Delegation of Authority  
Attachment 3, Forest Products Appraisal Guidance for Stewardship Contracts  
Attachment 4, Subactivity 5921 Description  
Attachment 5, Stewardship Project Tracking Report